

GREATER ALEXANDRIA ECONOMIC DEVELOPMENT AUTHORITY

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/30/08

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June 10, 2008

Independent Auditors' Report

To the Board of Commissioners
Greater Alexandria Economic Development Authority

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Greater Alexandria Economic Development Authority, as of and for the year ended December 31, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the Greater Alexandria Economic Development Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Greater Alexandria Economic Development Authority, as of December 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

-Members-

American Institute of Certified Public Accountants • Society of Louisiana CPAs

Greater Alexandria Economic Development Authority

June 10, 2008

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In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2008, on our consideration of the Greater Alexandria Economic Development Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

GREATER ALEXANDRIA ECONOMIC DEVELOPMENT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2007

This section of the annual financial report presents our discussion and analysis of the Greater Alexandria Economic Development Authority's financial performance during the fiscal year ended December 31, 2007.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Greater Alexandria Economic Development Authority's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Greater Alexandria Economic Development Authority as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Greater Alexandria Economic Development Authority's assets and all of its liabilities. All of the Authority's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by hotel occupancy taxes.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Greater Alexandria Economic Development Authority's most significant activities and are not intended to provide information for the Authority as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Greater Alexandria Economic Development Authority's funds are Governmental Funds. These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund use a modified accrual basis of accounting that provides a short-term view of the Greater Alexandria Economic Development Authority's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

An analysis of the government-wide Statement of Net Assets is presented as follows:

Greater Alexandria Economic Development Authority

Management's Discussion And Analysis

December 31, 2007

| | December 31, | |
|---------------------------------|---------------------|-------------------|
| | 2007 | 2006 |
| <u>Assets:</u> | | |
| Current Assets | \$ 797,474 | \$ 781,742 |
| Capital Assets | 671,172 | 22,423 |
| Total Assets | <u>1,468,646</u> | <u>804,165</u> |
| <u>Liabilities:</u> | | |
| Current Liabilities | 148,268 | 146,110 |
| Long-term Liabilities | 450,000 | — |
| Total Liabilities | <u>598,268</u> | <u>146,110</u> |
| <u>Net Assets:</u> | | |
| Invested in Capital Assets, Net | 171,172 | 22,423 |
| Unrestricted | 699,206 | 635,632 |
| Total Net Assets | <u>\$ 870,378</u> | <u>\$ 658,055</u> |

As the presentation appearing above demonstrates, a substantial portion of the Greater Alexandria Economic Development Authority's net assets (80.3%) are unrestricted and may be used to meet the Greater Alexandria Economic Development Authority's ongoing obligations. In addition, a portion of the net assets (19.7%) are invested in capital assets.

An analysis of the government-wide Statement of Activities is presented as follows:

| | For the Year Ended December 31, | |
|------------------------------------|--|-------------------|
| | 2007 | 2006 |
| <u>Revenues:</u> | | |
| Program Revenue: | | |
| Operating Grants and Contributions | \$ — | \$ — |
| General Revenue: | | |
| Hotel Occupancy Taxes | 625,098 | 594,927 |
| Investment Income | 34,933 | 31,520 |
| Other Income | — | 10 |
| Total Revenue | <u>660,031</u> | <u>626,457</u> |
| <u>Program Expenses:</u> | | |
| Economic Development | <u>447,708</u> | <u>618,647</u> |
| Change in Net Assets | 212,323 | 7,810 |
| Net Assets Beginning | 658,055 | 650,245 |
| Net Assets Ending | <u>\$ 870,378</u> | <u>\$ 658,055</u> |

As the accompanying presentation demonstrates, the Authority has experienced favorable financial trends. Net assets have increased by \$212,323 representing an improvement of 24.4% over the net asset balance for the previous year.

Greater Alexandria Economic Development Authority

Management's Discussion And Analysis

December 31, 2007

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUNDS

For the year ended December 31, 2007, governmental fund balances increased by \$63,574. Differences between the increase in fund balances and the increase in government-wide net assets are attributable to excluding capital assets and long term liabilities from the financial statements.

BUDGET HIGHLIGHTS

For the year ended December 31, 2007, revenue exceeded budgeted amounts by \$54,031. Expenditures were less than budgeted amounts by \$32,343. The budget was amended in the current year due to additional revenue/loan proceeds and expenses related to the purchase and demolition of the Masonic Drive property as well as the removal of an expense initially budgeted for the City of Alexandria Master Plan cooperative endeavor which was already recorded in the prior year audit.

CAPITAL ASSET ADMINISTRATION

Capital asset acquisitions in the current year were office furniture and property located at 3017 Masonic Drive and the related expenses which include having the existing structure demolished, current year interest paid on the related loan, and directly related legal & professional fees.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, no known issues are expected to have a significant impact on future operations.

Greater Alexandria Economic Development Authority

Statement of Net Assets- Government Wide

December 31, 2007

| | Governmental Activities |
|---|----------------------------|
| <u>ASSETS</u> | |
| Cash and Cash Equivalents | \$ 691,062 |
| Receivables (net) | 92,537 |
| Other Assets | 13,875 |
| Land | 655,008 |
| Depreciable Capital Assets | <u>16,164</u> |
| Total Assets | <u>1,468,646</u> |
| <u>LIABILITIES</u> | |
| Accounts Payable | 96,622 |
| Other Current Liabilities | 1,646 |
| Long-term liabilities | |
| Due within one year | 50,000 |
| Due in more than one year | <u>450,000</u> |
| Total Liabilities | <u>598,268</u> |
| <u>NET ASSETS</u> | |
| Investment in Capital Assets, Net of related debt | 171,172 |
| Unrestricted | <u>699,206</u> |
| Total Net Assets (deficit) | <u>\$ 870,378</u> |

The accompanying notes are an integral part of the financial statements.

Greater Alexandria Economic Development Authority

Statement of Activities

For the Year Ended December 31, 2007

| | <u>Governmental Activities</u> |
|-------------------------------------|------------------------------------|
| Expenses: | |
| Economic Development | |
| Payroll | 143,748 |
| Employee Benefits and Payroll Taxes | 42,467 |
| Advertising and Marketing | 50,256 |
| Economic Development Projects | 75,799 |
| Travel, Training, Conferences | 22,410 |
| Insurance | 7,273 |
| Legal and Professional | 51,668 |
| Materials and Supplies | 14,731 |
| Rent and Lease Expense | 21,900 |
| Utilities and Telephone | 8,338 |
| Depreciation | 7,444 |
| Other Expenses | 1,674 |
| Total Expenses | <u>447,708</u> |
| Program Revenues: | |
| Charges for Services | - |
| Operating Grants and Contributions | - |
| Capital Grants and Contributions | <u>-</u> |
| Net Expenses | <u>447,708</u> |
| General Revenues: | |
| Hotel Occupancy Taxes | 625,098 |
| Investment Income | <u>34,933</u> |
| Total General Revenues | <u>660,031</u> |
| Change in Net Assets | 212,323 |
| Net Assets - Beginning | <u>658,055</u> |
| Net Assets - Ending | <u>\$ 870,378</u> |

The accompanying notes are an integral part of the financial statements.

Greater Alexandria Economic Development Authority

Balance Sheet - Governmental Funds

December 31, 2007

| | <u>General Fund</u> |
|--|--------------------------|
| <u>Assets</u> | |
| Cash and Cash Equivalents | \$ 691,062 |
| Receivables (net) | 92,537 |
| Other Assets | <u>13,875</u> |
| Total assets | <u>\$ 797,474</u> |
| <u>Liabilities and Fund Balance</u> | |
| <u>Liabilities</u> | |
| Accounts Payable | 96,622 |
| Other | <u>1,646</u> |
| Total liabilities | <u>98,268</u> |
| <u>Fund Balance</u> | |
| Unreserved / Undesignated | <u>699,206</u> |
| Total Fund Balances | <u>699,206</u> |
| Total Liabilities and Fund Balance | <u>\$ 797,474</u> |

The accompanying notes are an integral part of the financial statements.

Greater Alexandria Economic Development Authority

**Reconciliation of Fund Balances on the Balance Sheet for
Governmental Funds to Net Assets of Governmental
Activities on the Statement of Net Assets**

Year Ended December 31, 2007

Total Fund Balances - Governmental Funds \$ 699,206

Amounts reported for governmental activities in the statement of net assets are
different because:

Long-term Liabilities are not due and payable in the current period and therefore
they are not reported in the Governmental Fund Balance Sheet (500,000)

Capital assets used in governmental activities are not financial resources and
therefore the following amounts are not reported in the funds.

Capital Assets 671,172

Net Assets of Governmental Activities \$ 870,378

The accompanying notes are an integral part of the financial statements.

Greater Alexandria Economic Development Authority

Statement of Revenue, Expenditures and Changes in

Fund Balance - Governmental Funds

For the Year Ended December 31, 2007

| | General Fund |
|---|-------------------|
| <u>Revenues:</u> | |
| Hotel Occupancy Taxes | \$ 625,098 |
| Investment Income | 34,933 |
| Loan Proceeds | 500,000 |
| Total revenues | <u>1,160,031</u> |
| <u>Expenditures:</u> | |
| Economic Development | |
| Payroll | 143,748 |
| Employee Benefits and Payroll Taxes | 42,467 |
| Advertising and Marketing | 50,256 |
| Economic Development Projects | 75,799 |
| Travel, Training, Conferences | 22,410 |
| Insurance | 7,273 |
| Legal and Professional | 51,668 |
| Materials and Supplies | 14,731 |
| Rent and Lease Expense | 21,900 |
| Utilities and Telephone | 8,338 |
| Other Expenses | 1,674 |
| Capital Expenditures | <u>656,193</u> |
| Total expenditures | <u>1,096,457</u> |
| Net Change in Fund Balances | 63,574 |
| Fund balance - Beginning of Year | <u>635,632</u> |
| Fund balance - End of Year | <u>\$ 699,206</u> |

The accompanying notes are an integral part of the financial statements.

Greater Alexandria Economic Development Authority

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended December 31, 2007

Net change in fund balances of Governmental Funds \$ 63,574

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlay in the current period exceeded depreciation. 648,749

Long-term Liabilities are not due and payable in the current period and therefore
are not reported in the funds. This is the amount by which new debt exceeded
repayment. (500,000)

Change in net assets of governmental activities \$ 212,323

The accompanying notes are an integral part of the financial statements.

Greater Alexandria Economic Development Authority

Notes To Financial Statements

December 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Greater Alexandria Economic Development Authority has been established under Louisiana Law to engage in cooperative economic development activities with the City of Alexandria. The Authority's activities are supported by a special tax levied on hotel occupancy. The Authority is governed by the Board of Commissioners, which is appointed by the City of Alexandria.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within a reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the reporting entity to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Greater Alexandria Economic Development Authority is a component unit of the City of Alexandria. The accompanying component unit financial statements present information only on the funds maintained by the Authority and do not present information on the City, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize all of the Greater Alexandria Economic Development Authority's operations as governmental activities. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.

Greater Alexandria Economic Development Authority

Notes To Financial Statements

December 31, 2007

The government-wide and fund financial statements present the Greater Alexandria Economic Development Authority's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Authority as a whole. The effect of any interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service. Program revenues include charges for services, contributions to specific programs, and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. At the present time, the Authority's only fund is the general fund, which is the primary operating fund and it is used to account for all resources.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

| <u>Financial Statement Presentation</u> | <u>Basis of Accounting</u> | <u>Measurement Focus</u> |
|--|-----------------------------------|---------------------------------|
| Government-Wide Financial Statements | Accrual Basis | Economic Resources |
| Fund Financial Statements | Modified Accrual Basis | Current Financial Resources |

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is generally considered available if it is collected within 60 days of year end or may otherwise be available to finance current expenditures. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as an expenditure.

Greater Alexandria Economic Development Authority

Notes To Financial Statements

December 31, 2007

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget Practices

The Board of Commissioners adopts annual budgets in the manner prescribed by State Law. These budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles.

Capital Assets

Capital assets include facility improvements and equipment that are expected to remain in service for a period of years. Capital assets are reported in the government-wide financial statements but are excluded from the fund financial statements. Instead, the funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are reported at historical cost less accumulated depreciation. Depreciated is computed using the straight-line method and estimated useful lives that are based on the expected durability of the particular asset. Useful lives are 5 and 7 years.

Cash

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

Compensated Absences

Fulltime employees earn vacation at rates that vary depending on length of service. A maximum of 80 hours of accrued leave are allowed to accumulate. As of December 31, 2007 no compensated liability existed, as the employees vacation balances at December 31, 2007 were zero.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits in financial institutions totaled \$691,062 (collected bank balance). These deposits are secured from risk by \$100,000 in Federal Deposit Insurance and pledged securities with a market value of \$948,029. The pledged securities are held by a custodial bank in the name of the pledging institution (fiscal agent). However, State Law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - RECEIVABLES

Receivables consist of \$85,037 of Hotel Occupancy Taxes collected by the Rapides Parish Tax Collector on behalf of the authority and \$7,500 from the England Authority for reimbursement of the Southern University Foundation System sponsorship.

Greater Alexandria Economic Development Authority

Notes To Financial Statements

December 31, 2007

NOTE 4 – CAPITAL ASSETS

A summary of the Greater Alexandria Economic Development Authority's capital assets is provided as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Balance</u> |
|-------------------------------|------------------------------|------------------|------------------|---------------------------|
| Land | \$ ---- | \$ 655,008 | \$ ---- | \$ 655,008 |
| Leasehold Improvements | 27,850 | ---- | ---- | 27,850 |
| Equipment | 8,951 | 1,185 | ---- | 10,136 |
| Less Accumulated Depreciation | (14,378) | (7,444) | ---- | (21,822) |
| Total Net of Depreciation | \$ 22,423 | \$648,749 | \$ ---- | \$ 671,172 |

NOTE 5 – PAYABLES

Accounts payable at year end are summarized as follows:

| | |
|-----------------------------|----------------------|
| Accounts Payable to Venders | \$ 96,622 |
| Payroll Withholding | <u>1,646</u> |
| Total Payables | <u>\$ 98,268</u> |

NOTE 6 – LEASES

The Authority has acquired certain facilities necessary for operations by executing an operating lease. Under the term of the initial lease, a rental payment of \$1,700 was due on a monthly basis. The term of the lease was for a period of two years ending December 31, 2007. In the current year the lease was renewed for a period of three years ending December 31, 2009, a rental payment of \$1,825 is due on a monthly basis. Accordingly, the obligation for future minimum rental payments is \$43,800.

NOTE 7 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 8 – RETIREMENT PLAN

The Authority offers a defined contribution retirement plan to its employees. Under the terms of the plan, employees are allowed to contribute a portion of their compensation to the plan and the

Greater Alexandria Economic Development Authority

Notes To Financial Statements

December 31, 2007

Authority provides certain matching contributions. For the year ended December 31, 2007, the Authority expended \$3,600 in connection with providing deferred compensation benefits.

NOTE 9 – LONG-TERM LIABILITIES:

Debt attributable to GAEDA's activities is summarized as follows:

| | |
|---------------------------|-------------------|
| Note Payable | <u>\$ 500,000</u> |
| Total Long-Term Debt | \$ 500,000 |
| Due Within One Year | <u>(50,000)</u> |
| Due in More Than One Year | <u>\$ 450,000</u> |

Note Payable

GAEDA acquired property located on Masonic Drive in the current year by entering into a loan agreement with JP Morgan Chase Bank. The loan obligation outstanding at December 31, 2007 is described as follows:

Loan agreement dated October 1, 2007 executed for the purchase of property located at 3017 Masonic Drive, with an original balance of \$500,000, bearing interest of 7%. Interest only payments are payable monthly on the 1st day of the month beginning November 1, 2007. These payments are to continue until October 1, 2012. Commencing September 30, 2008, and continuing on the 30th day of each calendar year, thereafter until October 1, 2012, principal installments in the amount of \$50,000 are payable.

\$500,000

The loan is secured by GAEDA's 3% occupancy tax revenue. In the current year total interest payments of \$8,726 were capitalized into the cost of the Masonic Drive property.

A schedule of maturities for the note is presented as follows:

| Year Ended December 31st | Principal Installments | Interest Installments |
|--------------------------|---------------------------|--------------------------|
| 2008 | \$ 50,000 | \$ 34,118 |
| 2009 | 50,000 | 30,618 |
| 2010 | 50,000 | 27,118 |
| 2011 | 50,000 | 23,618 |
| 2012 | <u>300,000</u> | <u>15,707</u> |
| Total | <u>\$ 500,000</u> | <u>\$ 131,179</u> |

Greater Alexandria Economic Development Authority

Statement of Revenue, Expenditures and Changes in Fund Balance - General Fund Budget and Actual For the Year Ended December 31, 2007

| | Budget Amounts | | Actual | Variance with |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | Amounts | Final Budget Positive (Negative) |
| <u>Revenues:</u> | | | | |
| Occupancy Taxes | \$ 585,000 | \$ 585,000 | 625,098 | \$ 40,098 |
| Investment Income | 21,000 | 21,000 | 34,933 | 13,933 |
| Loan Proceeds | - | 500,000 | 500,000 | - |
| Total revenues | 606,000 | 1,106,000 | 1,160,031 | 54,031 |
| <u>Expenditures:</u> | | | | |
| Economic Development | | | | |
| Payroll | 158,800 | 158,800 | 143,748 | 15,052 |
| Employee Benefits and Payroll Taxes | 43,160 | 43,160 | 42,467 | 693 |
| Advertising and Marketing | 60,000 | 60,000 | 50,256 | 9,744 |
| Economic Development Projects | 264,500 | 72,000 | 75,799 | (3,799) |
| Travel, Training & Conferences | 20,000 | 20,000 | 22,410 | (2,410) |
| Insurance | 7,180 | 7,180 | 7,273 | (93) |
| Legal and Professional | 74,200 | 61,200 | 51,668 | 9,532 |
| Materials and Supplies | 12,300 | 12,300 | 14,731 | (2,431) |
| Rent and Lease Expense | 21,900 | 21,900 | 21,900 | - |
| Utilities and Telephone | 8,700 | 8,700 | 8,338 | 362 |
| Other Expenses | 3,000 | 3,000 | 1,674 | 1,326 |
| Capital Expenditures | 2,000 | 660,560 | 656,193 | 4,367 |
| Total expenditures | 675,740 | 1,128,800 | 1,096,457 | 32,343 |
| Excess (deficiency) of revenues over expenditures | (69,740) | (22,800) | 63,574 | 86,374 |
| Fund balance - beginning of year | 635,632 | 635,632 | 635,632 | - |
| Fund balance - end of year | \$ 565,892 | \$ 612,832 | \$ 699,206 | \$ 86,374 |

ROZIER, HARRINGTON & MCKAY

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M. DALE HARRINGTON, CPA
RETIRED - 2006

June 10, 2008

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Greater Alexandria Economic Development Authority

We have audited the financial statements of the governmental activities of the Greater Alexandria Economic Development Authority, as of and for the year ended December 31, 2007, which comprises the basic financial statements and have issued our report thereon dated June 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Greater Alexandria Economic Development Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Greater Alexandria Economic Development Authority's internal control over financial reporting as a basis for designing our auditing procedures and for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect

misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

Greater Alexandria Economic Development Authority

Schedule Of Findings And Questioned Cost For The Year Ended December 31, 2007

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditors' Report on the basic financial statements of the Greater Alexandria Economic Development Authority as of December 31, 2007 and for the year then ended expressed an unqualified opinion.
- The results of the audit did not disclose any control deficiencies which are required to be reported as a significant deficiency or material weakness.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the basic financial statements of the Greater Alexandria Economic Development Authority.

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- N/A

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- N/A

Greater Alexandria Economic Development Authority

Management's Corrective Action Plan **For The Year Ended December 31, 2007**

| | |
|---|--|
| SECTION I Internal Control And Compliance Material To The Financial Statements. | |
| No findings were reported in the schedule of findings and questioned costs. | Response – N/A. |
| SECTION II Internal Control And Compliance Material To Federal Awards | |
| No findings were reported in the schedule of findings and questioned costs. | Response – N/A |
| SECTION III Management Letter | |
| <u>Travel Policy Clarification</u> <u>ML-1:</u> During our test of disbursements, we noted the Greater Alexandria Economic Development Authority has paid an auto allowance to the executive director and has also paid for gas purchases during the year. The explanation provided was that the auto allowance was for the local/in-town travel reimbursement and the gas purchases were for out-of-town travel. We recommend management clarify their policy and/or change the policy to establish a mileage reimbursement for out-of-town travel. | Management will review their policies for any needed changes and/or clarification concerning travel reimbursement. |

Greater Alexandria Economic Development Authority

Schedule Of Prior Year Findings And Questioned Cost
For The Year Ended December 31, 2007

| | |
|--|----------------|
| SECTION I Internal Control And Compliance Material To The Financial Statements. | |
| No findings were reported in the schedule of findings and questioned costs. | Response – N/A |
| SECTION II Internal Control And Compliance Material To Federal Awards | |
| No findings were reported in the schedule of findings and questioned costs. | Response – N/A |
| SECTION III Management Letter | |
| No management letter was issued with the previous report. | Response – N/A |

ROZIER, HARRINGTON & MCKAY

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M. DALE HARRINGTON, CPA
RETIRED - 2005

June 10, 2008


The Greater Alexandria Economic Development Authority
Alexandria, Louisiana

In planning and performing our audit of the financial statements of the Greater Alexandria Economic Development Authority for the year ended December 31, 2007, we became aware of the following matter that may strengthen internal control and operating efficiency. Our comments and suggestions regarding this matter are as follows:

Travel Reimbursement:

During our test of disbursements, we noted the Greater Alexandria Economic Development Authority has paid an auto allowance to the executive director and has also paid for gas purchases during the year. The explanation provided was that the auto allowance was for the local/in-town travel reimbursement and the gas purchases were for out-of-town travel. We recommend management clarify their policy and/or change the policy to establish a mileage reimbursement for out-of-town travel.

We will be available at your convenience to discuss our comments and suggestions in greater detail. Our firm will also be available to assist in implementing these recommendations.


ROZIER, HARRINGTON & MCKAY,
Certified Public Accountants

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs